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LBG Medford, LLC

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

SEARS HOLDINGS CORPORATION,  
et al.,<sup>1</sup>

Debtors.

Chapter 11  
Case No. 18-23538 (RDD)  
(Jointly Administered)

**LBG MEDFORD, LLC'S PROTECTIVE CURE CLAIM OBJECTION**

LBG Medford, LLC ("LBG Medford") pursuant to the *Order Approving Global Bidding Procedures and Granting Related Relief*, dated November 19, 2018 ("Global Bidding Procedures Order") hereby submits its protective cure claim objection ("Cure Claim Objection") under Section 365(b) of title 11, United States Code ("Bankruptcy Code") for cure of defaults resulting from Sears Corporation's possible assumption and assignment of an unexpired nonresidential real property for its Medford, Oregon Store. This claim objection is being filed out of an

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); [BlueLight.com](http://BlueLight.com), Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); [Kmart.com](http://Kmart.com) LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

abundance of caution even though the subject lease does not appear to be listed among the leases to be assumed given the large number of leases on the list and the risk that the lease may be identified under a different name.

1. On October 15, 2018 (“Petition Date”), Sears Holdings Corporation and several of its affiliates filed voluntary petitions under chapter 11 of the Bankruptcy Code.

2. As of the Petition Date, LBG Medford was the landlord and Sears Corporation (“Debtor”) was the tenant under a lease of nonresidential real property located at the Medford, Oregon Shopping Mall dated as of September 3, 1958, as amended and modified from time to time (“Lease”).

3. On January 18, 2019, the Debtor served LBG Medford with its *Notice of Cure Costs and Potential Assumption and Assignment of Executory Contracts and Unexpired Leases in Connection with Global Sale Transaction* (“Assumption Notice”).<sup>2</sup>

4. In the Assumption Notice, the Debtor indicated that several hundred leases may be assumed and assigned in connection with the sale of the Global Assets. Although not apparently listed, LBG Medford is filing this objection for protective purposes based upon the possibility that the Lease is listed under a different name.

5. The Debtor is in default of its monetary obligations under the Lease to pay additional rent, including real estate taxes, insurance and other fees.

6. As of the filing of this Cure Claim Objection, the cure amount is not less than \$90,665.04.

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<sup>2</sup> Capitalized terms not defined herein shall have the meanings ascribed to them in the Assumption Notice.

7. The categorical breakdown of the monetary cure claim is as follows:

| Suite | Name/Chrg Description    | Beginning Balance | Charge and Adj   | Payments and Adj | Payment Date | Ending Balance   |
|-------|--------------------------|-------------------|------------------|------------------|--------------|------------------|
| CAA   | Common Area Adjustment   | -475.49           | 45.00            | -430.49          | 1/17/2019    | 0.00             |
| CAM   | Common Area Maintenance  | 430.49            | 8,053.24         | 8,483.73         | 1/17/2019    | 0.00             |
| INS   | Insurance Reimbursement  | 1,540.23          | 0.00             | 0.00             |              | 1,540.23         |
| RNT   | Monthly Rent             | 0.00              | 5,838.18         | 5,838.18         | 1/7/2019     | 0.00             |
| PCT   | Percentage Rent          | 23,480.49         | 0.00             | 0.00             | 1/2/2019     | 23,480.49        |
| TAR   | Tax Actual Reimbursement | 65,644.32         | 0.00             | 0.00             |              | 65,644.32        |
|       |                          | <b>90,620.04</b>  | <b>13,936.42</b> | <b>13,891.42</b> |              | <b>90,665.04</b> |

8. In order to assume the Lease, the Debtor must cure the aforementioned defaults and provide evidence of assurance of future performance under the terms of Lease.

9. This Cure Claim Objection is without prejudice to the fact that other and additional cure claim amounts: (a) may exist and/or may become known at a future date; and (b) will accrue on an ongoing basis between the filing of this Cure Claim Objection and any subsequent assumption of the Lease. LBG Medford expressly reserves its right to amend or supplement its Cure Claim Objection through and including the effective date of any proposed assumption and assignment of the Lease, and LBG Medford further reserves the right to object to

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the failure to make a proper showing of the assurance of future performance under the Lease,  
including those relating to a shopping center lease.

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Dated: January 25, 2019  
Los Angeles, CA

**CERTIFICATE OF SERVICE**

I hereby certify that on January 25, 2019, I caused to be served a true and correct copy of the attached **LBG MEDFORD, LLC'S PROTECTIVE CURE CLAIM OBJECTION** via transmission of Notice of Electronic Filing generated by CM/ECF on all parties of record.

**FREEMAN, FREEMAN & SMILEY, LLP**  
Attorneys for LBG Medford, LLC

By:  \_\_\_\_\_

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